

AOC Formulations' Report on Forced Labour and Child Labour in Supply Chains

May 31, 2024

This Report on Forced Labour and Child Labour in Supply Chains (the "Report") has been prepared in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the "Act") on behalf of AOC, LLC, and its affiliates and subsidiaries including AOC Canada Inc., and AOC Resins and Coatings Company, and AOC Materials, LLC (collectively, "AOC"). This Statement provides an overview of the efforts that AOC has taken to ensure that forced labour and child labour is not taking place in our business or within our supply chain. We have prepared the Report on a consolidated basis for AOC because we have a single compliance program relating to forced labour and child labour.

OUR COMPANY

AOC is a global specialty formulator, providing customized solutions for coatings and protective barriers, adhesives, sealants and elastomers, colorants and visual effects, and conventional composite formulations. AOC manufactures products through our network of production facilities, located in the United States, Canada, Mexico, Europe and Asia, and a global network of R&D centers and technical service sites.

AOC has a global procurement team that has developed and implemented globally harmonized processes. AOC's procurement team contracts for the purchase of raw materials used to produce our products from a wide network of global suppliers. Our procurement team has built a culture of partnering with ethical suppliers using comprehensive due diligence, relying on data-driven decision making, and fostering strong cross-functional collaboration, all of which have been employed in the implementation of steps to identify and prevent forced labour within our supply chain.

AOC recognizes the important role it plays in preventing forced labour and child labour in both our operations and our supply chain. This Report sets out the steps we have taken since January 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by AOC or of goods imported into Canada by AOC or third parties supplying AOC.

STEPS TAKEN TO REDUCE THE RISK OF FORCED LABOUR OR CHILD LABOUR

As a global manufacturing company with diversified supply chains, we recognize our responsibility to manage our supply chain impact. AOC has engaged in numerous activities to identify, assess, and manage the risk of forced and child labour within our business and in our supply chain. We referred to external compliance databases, mapped our supply chain, conducted risk-based assessments of suppliers and their products, reviewed, and employed our existing policies and due diligence procedures, and conducted training.

AOC undertook a comprehensive supply chain mapping exercise across its supply chain. We then conducted a risk-based assessment of forced labour and/or child labour in our supply chain. AOC also conducted an assessment of the risk of use of forced labour and the existing controls within our operations, including conducting interviews on the plant and department level to gather information on worker recruitment and staffing policies as well as procedures for age and legal status verification and associated documentation practices in the hiring process to ensure that all workers are recruited and working voluntarily.

IDENTIFYING AND ADDRESSING SPECIFIC RISKS IN OUR SUPPLY CHAIN

Using a risk-based analysis, AOC conducted a targeted internal assessment of risks of forced labour and/or child labour in its international supply chain. We took into account the type of good or product sourced, the location of the supplier, the location of the source of the goods, and the magnitude of the purchasing spend to assign supplier a risk category used to prioritize ongoing due diligence on the most severe risks of forced labour. We engaged with our supply chain partners on the issue of addressing forced labour and/or child labour, requiring specific representations from suppliers of products with known risks of being produced using child or forced labour, i.e., conflict minerals and cobalt. To inform our assessment of risks, we considered recognized international guidance as to which goods are at risk of being produced by forced labour and/or child labour. Additionally, AOC enforced its policies to abide by all laws that prohibit the import of goods from regions with known forced labour practices, such as the Xinjiang province of China.

OUR POLICIES AND DUE DILIGENCE PROCESSES

Policies

AOC has adopted policies that protect against forced labour in its operations and in its supply chains, including a Business Code of Conduct, an Employee Handbook, and a Global Trade Controls Policy. AOC has also implemented a global whistleblower program that permits anonymous reporting of concerns, including those related to forced labour, in employees' and contractors' native languages for each of our locations worldwide. AOC prohibits retaliation for the good faith reporting of such concerns. Additionally, AOC is developing a global Supplier Code of Conduct for rollout in 2024 that will require our suppliers to take steps to reduce the modern slavery risks in their own supply chains.

Standard Contractual Clauses

AOC utilizes standard contractual clauses as well as standard terms and conditions of purchase that seek to reduce the risk of modern slavery. We strive to ensure that all contracts negotiated with suppliers includes such clauses.

Due Diligence of Suppliers

AOC employs a comprehensive due diligence process to vet new and existing suppliers. We use a risk-based analysis to categorize all suppliers to determine the appropriate level of due diligence required. All suppliers, regardless of risk level categorization, are entered into third-party due diligence software programs to detect any past violations or potential red flags and provide on-going, real-time monitoring of the supply chain members. AOC utilizes an enhanced due diligence process for those suppliers determined to pose an increased risk.

Employment Verification Standards

We believe that forced and child labour risks in our own workforce are minimized through the strength of our internal employment policies and procedures. AOC's human resources department has an internal hiring policy in place to verify that workers meet all legal age requirements and work authorization requirements during the onboarding process.

TRAINING

AOC employees receive regular training on regulatory requirements, ethical practices, and our policies. All new employees are assigned a mandatory onboarding package which includes a review and acknowledgement of our Business Code of Conduct. Existing employees are periodically required to take training on, review, sign and agree to abide by the Business Code of Conduct.

Training on the requirements of the Act, why AOC is subject to the Act and the reporting requirements under the Act was provided to our procurement team leadership. Category leads within the procurement team received instruction on communicating with their suppliers about the requirements of the Act and worked with our legal team on implementation of updated measures enforcing our policies and procedures to protect against the risk of forced and child labour.

AOC is in the process of developing targeted training on the identification and prevention of forced and child labour and other forms of modern slavery for all employees.

ASSESSING EFFECTIVENESS AND FUTURE IMPROVEMENT

AOC continues to be committed to conducting business responsibly. We will employ an annual review of our policies and procedures related to forced labour and child labour and will conduct an assessment of the measures outlined in this report. This assessment will determine the effectiveness of the current program and what future improvements are needed to enhance our commitment to preventing and reducing the risk of modern slavery in our supply chain.

REMEDIAL MEASURES

AOC has identified no instances of forced labour or child labour in our supply chain or operations, and therefore did not take any measures to remediate any adverse impacts. If we learn of any potential or confirmed instances of modern slavery, we will investigate and promptly take appropriate remedial measures.

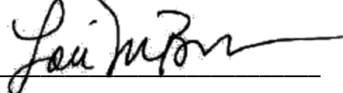
APPROVAL & SIGNATURE

This Report was approved by AOC's Board of Directors on May 31, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our website at www.aocformulations.com.

Attestation

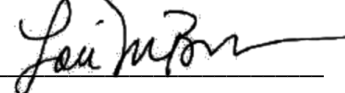
In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for AOC. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting period listed above.

AOC, LLC

By: 


Name: Lori M. Browne
Title: Director
Date: May 31, 2024

AOC Canada, Inc.

By: 


Name: Lori M. Browne
Title: Director
Date: May 31, 2024

AOC Resins and Coatings Company

By: 

Name: Lori M. Browne
Title: Director
Date: May 31, 2024

AOC Materials, LLC

By: 

Name: Lori M. Browne
Title: Director
Date: May 31, 2024